

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION JOINT APPROPRIATIONS SUBCOMMITTEE ON NATURAL RESOURCES AND COMMERCE**

**Call to Order:** By **CHAIRMAN DICK HAINES**, on February 13, 2001 at 8:30 A.M., in Room 317-C Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Dick Haines, Chairman (R)  
Sen. William Crismore, Vice Chairman (R)  
Rep. Christine Kaufmann (D)  
Sen. Linda Nelson (D)  
Sen. Bill Tash (R)  
Rep. Joe Tropila (D)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Amber Sauer, Committee Secretary  
Doug Schmitz, OBPP  
Todd Younkin, Legislative Branch

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: Department of Commerce, Mt  
Health Facility Authority,  
Board of Investments, Montana  
Lottery, Board of Horse Racing,  
Director's Office, 2/8/01  
Executive Action: Department of Commerce, Mt  
Health Facility Authority,  
Board of Investments, Montana  
Lottery, Board of Horse Racing,  
Director's Office

**{Tape : 1; Side : A; Approx. Time Counter : 0}**

#### **DEPARTMENT OF COMMERCE**

**Montana Health Facility Authority**

**Mr. Jerry Hoover, Executive Director, Montana Health Facility Authority**, spoke briefly about the Department. He stated the Authority was created by the Legislature in 1983. Throughout the years other eligible facilities have been added to the original Montana State hospital facilities due to the fact that they have all needed to have tax exempt status for financing of their capital projects. The intent was to enable health care facilities to borrow funds for building facilities to provide necessary health care and pass the savings along to the patients. **Mr. Hoover** went over the composition of the Board, the funding sources and the services. He stated they are audited biennially.

**{Tape : 1; Side : A; Approx. Time Counter : 80}**

**Ms. Michelle Barstad, Associate Director of Montana Health Facility Authority**, gave an overview of the division including the chronology of events per the following exhibit.

**EXHIBIT(jnh36a01)**

The legislature created authority for this division in 1983. In 1984 three FTE were hired. In 1987 staff was reduced by 1 FTE, saving 25%. In 1994 the first revenue bond for a public institution, MDC, was granted. 1996 the first reduction in fees was announced. In 1998 the authority conducted its first composite bond issuance with WA, CO, KS, MO and CA. Currently their loan portfolio includes 161 loans which range from \$14,000 to \$138,000,000. **Ms. Barstad** stated the cumulative savings to the borrowers in the state have been \$338,000,000.

**{Tape : 1; Side : A; Approx. Time Counter : 260}**

**Mr. Hoover** spoke to the second exhibit which is a map of the financing locations, a list of the borrowers, and a program description.

**EXHIBIT(jnh36a02)**

**{Tape : 1; Side : A; Approx. Time Counter : 350}**

**EXHIBIT(jnh36a03)**

**Mr. Newell Anderson, Division Administrator, Local Government Assistance, DOC**, gave a division overview. He covered the programs, organizational chart and funding sources. There are 56 counties, 127 cities and towns, 346 school units and 777 special

purpose districts. There are over 1300 local public jurisdictions. They receive \$229,000,000 per year from Federal sources.

***{Tape : 1; Side : B; Approx. Time Counter : 0}***

There are 8 major programs in the division as follows:

- 1) CDBG: Grants for affordable public facilities and housing.
- 2) CTAP: Staff technical assistance for land planning.
- 3) TSEP: Legislative approved grants for local governments to make affordable water sewer, solid waste and bridges.
- 4) Coal Board: Grants for coal impacted local governments.
- 5) Hard Rock Board: Adjudicates disputes over local impact plan for mitigating local government impacts from Hard Rock mining.
- 6) Land County Planning: Grants of state coal tax revenue shared statewide for local planning.
- 7) Audit review: Staff for uniform contracted local government audit standards and quality assurance.
- 8) Accounting systems: Staff for statewide uniform accounting and reporting with teaching emphasis.

***{Tape : 1; Side : B; Approx. Time Counter : 260}***

**Mr. Younkin, LFD,** explained the DP's, any LFD issues, and LFD comments for the committee.

***{Tape : 1; Side : B; Approx. Time Counter : 310}***

**Motion/Vote:** REP. TROPILA moved that DP-61 COMMUNITY DEVELOPMENT ADMINISTRATIVE COSTS WITH THE \$100,000 HARD ROCK MINING IMPACT ACCOUNT DESIGNATED AS ONE-TIME-ONLY BE ADOPTED. SEN. TASH seconded the motion. Motion carried 6-0.

**Motion/Vote:** SEN. TASH moved that DP-602 CDBG FEDERAL GRANTS BE ADOPTED. REP. KAUFMANN seconded the motion. Motion carried 6-0.

**Motion/Vote:** REP. TROPILA moved that DP-4 COAL BOARD GRANTS AND FTE BE ADOPTED. SEN. NELSON seconded the motion. Motion carried 6-0.

*{Tape : 2; Side : A; Approx. Time Counter : 0}*

**Motion/Vote:** SEN. TASH moved that DP-29 FEDERAL BUILDING RENT BE ADOPTED. SEN. NELSON seconded the motion. Motion carried 6-0.

**Motion/Vote:** SEN. TASH moved that DP-46 LGS ADMINISTRATIVE COSTS BE ADOPTED. REP. KAUFMANN seconded the motion. Motion carried 6-0.

**Motion/Vote:** SEN. NELSON moved that REQUESTED RATE OF 1.38% FOR INTERNAL FUNDS BE ADOPTED. SEN. TASH seconded the motion. Motion carried 6-0.

#### Board of Investments

*{Tape : 2; Side : A; Approx. Time Counter : 130}*

#### **EXHIBIT**(jnh36a04)

Ms. Carroll South, Administrator, Board of Investments, gave a division overview. The division's portfolio has grown from 4.5 to 8.92 billion. One FTE was hired in 1996 to work as a mortgage analyst due to the increasing number of second mortgages. The board of investments is not a day-to-day investor but a long term investor. They are audited annually instead of every two years like most agencies.

*{Tape : 2; Side : B; Approx. Time Counter : 0}*

**Motion/Vote:** SEN. NELSON moved that DP-751 MSTA TO INVESTMENT BE ADOPTED. SEN. TASH seconded the motion. Motion carried 6-0.

**Motion/Vote:** SEN. NELSON moved that PROPRIETARY RATES ON PAGE C-226 BE ADOPTED. SEN. TASH seconded the motion. Motion carried 6-0.

#### Montana Lottery

*{Tape : 2; Side : B; Approx. Time Counter : 101}*

#### **EXHIBIT**(jnh36a05)

Mr. Gerry Lachere, Administrator, Montana Lottery Division, gave a division overview. He explained that one of the most important aspects of the lottery is distribution of products to the public. Research and development is needed to keep the public interest. The department sells the product to a retailer and they in turn

sell to the public. There were 35 FTE when he took over the division and now they are down to 31.5 FTE. He explained how their budget is a vision. They are trying to increase what they will be able to put into the general fund.

***{Tape : 3; Side : A; Approx. Time Counter : 0}***

**Mr. Younkin** spoke on DP-8 Scratch Games Support. He raised the issue that there does not appear to be a direct correlation between ticket sales and staff performance.

**REP. TROPILA** asked the average wage of a ticket sales person. **Mr. Lachere** responded it is approximately \$30,000/year. He explained the employee incentive is to help employees increase sales in an area. Sales people help with placements and the number of games that is carried by each store.

**Motion/Vote:** SEN. TASH moved that DP-8 SCRATCH GAMES SUPPORT BE ADOPTED. Motion failed due to lack of a second.

**Motion:** SEN. TASH moved that DP-22 PUBLIC RELATIONS OUTREACH BE ADOPTED. Motion failed due to lack of a second.

***{Tape : 3; Side : A; Approx. Time Counter : 278}***

**Motion/Vote:** SEN. TASH moved that DP-24 ON-LINE TERMINALS ONE-TIME-ONLY BE ADOPTED. Motion failed due to lack of a second.

**Motion/Vote:** SEN. NELSON moved that DP-26 MARKETING RESEARCH BE ADOPTED. Motion failed due to lack of a second.

**Motion/Vote:** REP. TROPILA moved that DP-27 LOTTERY RETAILER SUPPORT BE ADOPTED. Motion failed due to a lack of a second.

**Motion/Vote:** REP. TROPILA moved that DP-35 BUILDING LEASE BE ADOPTED. SEN. NELSON seconded the motion. Motion carried 6-0.

**Motion/Vote:** SEN. NELSON moved that DP-36 COMPUTER REPLACEMENTS BE ADOPTED. SEN. TASH seconded the motion. Motion carried 6-0.

**Motion/Vote:** SEN. TASH moved that DP-54 ADMINISTRATIVE COSTS BE ADOPTED. SEN. NELSON seconded the motion. Motion carried 6-0.

**Motion/Vote:** SEN. TASH moved that DP-10 SCRATCH GAMES ENHANCEMENTS BE ADOPTED. Motion carried 4-1 with Kaufmann voting no.

*{Tape : 3; Side : B; Approx. Time Counter : 10}*

**Motion/Vote:** SEN. TASH moved that DP-12 ON-LINE ENHANCEMENTS BE ADOPTED. REP. TROPILA seconded the motion. Motion carried 4-2 with Kaufmann and Nelson voting no.

Board of Horse Racing

**EXHIBIT**(jnh36a06)

Mr. Sam Murfitt, Administrator, Board of Horse Racing, handed out a brief overview of the division.

**Motion/Vote:** SEN. NELSON moved that DP-55 BOARD OF HORSE RACING ADMINISTRATIVE COSTS BE ADOPTED. SEN. TASH seconded the motion. Motion carried 6-0.

Director's Office

*{Tape : 3; Side : B; Approx. Time Counter : 212}*

Mr. Andy Poole, Deputy Director, Director's Office, DOC, gave an over view of the Director's Office and handed out information.

**EXHIBIT**(jnh36a07)

Mr. Poole spoke on DP-14 Federal Building Rent. He said over the last 10 years they have been trying to consolidate the departments into one location.

**Motion/Vote:** SEN. TASH moved that DP-14 FEDERAL BUILDING RENT BE ADOPTED. Motion failed due to lack of second.

**Motion/Vote:** SEN. TASH moved that DP-16 FEDERAL BUILDING MOVE BE ADOPTED. Motion failed due to lack of second.

*{Tape : 3; Side : B; Approx. Time Counter : 228}*

Mr. Younkin explained the request for the proprietary rate increase. If the rate increase of 10.25% is approved, DP-57 Administrative Costs, DP-15 Federal Building Rent, DP-17 Federal Building Move, and new proposal DP-9 Daily Support/Web Programmer FTE would be approved. Mr. Poole explained the need for DP-9 further.

**Motion/Vote:** SEN. TASH moved that PROPRIETARY RATE OF 10.25% BE ADOPTED. SEN. NELSON seconded the motion. Motion carried 6-0.

**Mr. Poole** asked if the committee could reconsider the building rent for the DOC without the general funds at this point in time. That would give them an opportunity to possibly find the general fund amount in some other area. **CHAIRMAN HAINES** asked the committee to respond. The committee did not want to revisit the issue.

*{Tape : 3; Side : B; Approx. Time Counter : 325}*

**EXHIBIT**(jnh36a08)

**Motion/Vote:** SEN. NELSON moved that **THE ONE-TIME-ONLY COSTS PER EXHIBIT 8 SPREADSHEET INTO ONE-TIME-ONLY ALLOCATION WITHIN THE CENTRAL MANAGEMENT DIVISION BE ADOPTED.** SEN. TASH seconded the motion. Motion carried 6-0.

*{Tape : 3; Side : B; Approx. Time Counter : 356}*

**DEPARTMENT OF ENVIRONMENTAL QUALITY**

**Mr. Curt Chisolm, Deputy Director, Department of Environmental Quality (DEQ),** stated in an audit by the Legislative Audit Committee, they indicated the Department was inappropriately recording non-cash transactions. They were not recording them when in the course of a penalty settlement they allowed penalized entities to do a supplemental environmental project. They have come to an agreement with the Auditor's Office and the Budget Office and are now working with State Accounting relative to a draft bill that would correct this problem. The Auditor's Office agrees they should not be recording non-cash supplemental projects on the books of the general fund. It should go into 02-State Special Revenue Non-cash account and they are working with that group of entities to accomplish that. He asked if the committee would sponsor a committee bill for that piece of legislation that would correct the problem of requiring the DEQ to record as a receivable a non-cash entity on the general fund.

**Motion/Vote:** REP. TROPILA moved that **COMMITTEE BILL CARRIED BY CHAIRMAN DICK HAINES BE ADOPTED.** Motion carried unanimously.

**Mr. Chisolm** will help in the drafting of the bill.

**CHAIRMAN HAINES** adjourned the meeting.

**ADJOURNMENT**

Adjournment: 11:30 P.M.

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REP. DICK HAINES, Chairman

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SANDRA WHITAKER, Transcription  
Secretary

DH/SW

**EXHIBIT** (jnh36aad)